

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF WESTERN LEWIS-RECTORVILLE)	
WATER AND GAS DISTRICT, MASON AND LEWIS)	
COUNTIES, KENTUCKY, (1) FOR A CERTIFICATE OF)	
PUBLIC CONVENIENCE AND NECESSITY AUTHORIZING)	
CONSTRUCTION OF MAJOR WATER SERVICE IMPROVE-)	CASE NO.
MENTS AND ADDITIONS TO ITS COMBINED WATER AND)	96-148
GAS DISTRIBUTION SYSTEM, (2) SEEKING APPROVAL)	
OF REVISED WATER SERVICE RATES AND CHARGES)	
AND (3) SEEKING APPROVAL OF THE ISSUANCE OF)	
CERTAIN SECURITIES PURSUANT TO KRS 278.023)	

O R D E R

On April 11, 1996, Western Lewis-Rectorville Water and Gas District ("Western-Lewis Rectorville") filed an application for a Certificate of Public Convenience and Necessity to construct a \$2,898,300 waterworks improvement project, for approval of its plan of financing for this project, and for adjustments to its water service rates. This project will provide service to 164 additional customers. Project funding includes a \$1,721,000 bond issue to be purchased pursuant to an agreement with the U. S. Department of Agriculture's Rural Utilities Service ("RUS"), formerly known as the Rural Economic and Community Development Service, a \$813,400 grant from RUS, a \$225,000 grant from the Appalachian Regional Commission ("ARC"), \$70,000 from County funds, and \$68,900 from applicants for service in the proposed project area.

Western Lewis-Rectorville's application was made pursuant to KRS 278.023, which requires the Commission to accept agreements between water utilities and the U. S. Department of Agriculture or the U. S. Department of Housing and Urban Development and to issue the necessary orders to implement the terms of such agreements within 30 days of satisfactory completion of the minimum filing requirements. Given that minimum filing requirements were met in this case on April 11, 1996, KRS 278.023 does not grant the Commission any discretionary authority to modify or reject any portion of this agreement.

IT IS THEREFORE ORDERED that:

1. Western Lewis-Rectorville is hereby granted a Certificate of Public Convenience and Necessity for the proposed construction project.

2. Western Lewis-Rectorville's proposed plan of financing with RUS is accepted.

3. Western Lewis-Rectorville is authorized to issue bonds not to exceed \$1,721,000.

4. Western Lewis-Rectorville shall file a copy of the "as-built" drawings and a certified statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the substantial completion of the construction certificated herein.

5. The rates set out in Appendix A, which is attached hereto and incorporated herein, are the rates approved for service rendered on and after the date of this Order.

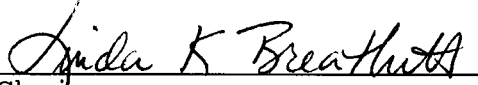
6. Western Lewis-Rectorville shall submit its revised tariff setting out the rates in Appendix A within 30 days of the date of this Order.

7. Western Lewis-Rectorville shall monitor the adequacies of the expanded water distribution system after construction. If the level of service is inadequate or declining or the pressure to any customer falls outside the requirements of 807 KAR 5:066, Section 5(1), Western Lewis-Rectorville shall take immediate action to bring the system into compliance with Commission regulations.

Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein accepted.

Done at Frankfort, Kentucky, this 29th day of April, 1996.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

ATTEST:


Executive Director


Commissioner

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 96-148 DATED APRIL 29, 1996,

The following rates and charges are prescribed for the customers in the area served by Western Lewis-Rectorville Water and Gas District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

Monthly Rates

First	1,000 gallons	\$ 10.75 Minimum Bill
Next	4,000 gallons	3.70 per 1,000 gallons
All Over	5,000 gallons	3.00 per 1,000 gallons